

WARREN COUNTY TREASURER

Michael R. Swan
County Treasurer

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Deputy Treasurer

To: All Supervisors

From: Michael R. Swan, Treasurer

Date: October 23, 2017

Subject: Budget Analysis Report

Budget Analysis Report

The purpose of the monthly budget analysis report is to make the County Supervisors and Administration aware of certain issues that may present a problem in the near future or are currently a problem. It is important that appropriate action be taken to address these issues or concerns before they become a problem.

We have analyzed the revenue and expenditure budgets for the County departments as of September, 2017 and have noted certain items Supervisors should be aware of.

Revenues

County Clerk

County Clerk Fees – As of September 30, the department has received \$898,742 in County Clerk Fees in 2016 and \$917,722 in 2017 which is an increase of 2.1%. It should be noted that the 2017 amount is at 76% of the budget for this account so the actual revenue received is on target to exceed the budget.

Mortgage Tax – As of September 30, the department has received \$1,424,273 in Mortgage Tax in 2016 (minus \$463,377 for one-time overpayment) and \$1,388,903 in 2017 which is an increase of 2.5%. It should be noted that the 2017 amount is at 90% of the budget for this account so the actual revenue received is on target to exceed the budget.

Automobile Use Tax – As of September 30, the department has received \$327,818 in Automobile Use Tax in 2016 and \$336,095 in 2017 which is an increase of 3.2%. It should be noted that the 2017 amount is through July and is at 61% of the budget for this account, so the actual revenue amount received is on target to exceed the budget.

County Treasurer

Sales Tax – It has been noted that we have collected \$642,418 more in sales taxes through September, 2017 than we did through September, 2016 which is a 1.7% increase.

Tourism

Occupancy Tax – The department has collected \$60,843 more in occupancy taxes as of September 30, 2017 than we did as of September 30, 2016 which is a 2% increase.

Airport

Avigation Easement – Runway 30 Capital Project – A reimbursement claim has yet to be prepared and filed for \$1 million in land acquisition costs which were incurred in January and February of 2017. This is a substantial amount of money that the County funded for this project that has not been claimed and is reimbursable at 95%. Claims should be filed in a timely manner for cash flow purposes.

Westmount Receivables

Medicaid – The County is currently owed \$552,683 in patient Medicaid claims. Since the nursing home was sold on December 31, 2015, we have collected \$131,733 in claims which were mostly received in 2016 through the assistance of a County employee who handled the re-billing while working extra hours. This employee was no longer interested in doing this and ended the arrangement at the end of 2016. Since then, attempts have been made to find someone to take over the billing without success. It is most likely that a substantial balance of the Medicaid receivable will not be able to be re-billed due to the age of the receivable. A decision is needed to try and find someone else to handle the re-billing or to write-off the outstanding balance.

The Board has elected to pursue collection of the receivables. The County Attorney is currently working with an individual who is willing to pursue the collection of Medicaid receivables on behalf of the County.

Capital Appeals - \$795,463 was recorded as a receivable for capital appeals covering the period of 2007 to 2015 prior to the sale of Westmount. We have documentation that shows that this amount could be as high as \$1.3 million. We were told that payment was expected sometime this June, but we have not received anything. We understand that the County Attorney is currently involved in providing documentation requested by the Office of Medicaid Inspector General.

Universal Settlement - \$327,093 was recorded as a receivable for a universal settlement prior to the sale of Westmount. This amount is to be paid over a five year period. The first payment is being held up because the new owners of Westmount are contesting that they are entitled to receive a portion of this settlement.

Sheriff's Correction Division

Jail Services, Other Government – As of September 30, the department has received \$310,248 in Jail Services, Other Government in 2016 and \$87,133 in 2017 which is a decrease of 72%. It should be noted that the 2017 amount is through August and is 22% of the budget for this account, so the actual amount is lagging significantly behind the budget.

Lake George Watershed Conference

This issue was previously reported in prior 2013, 2014 and 2015 budget analysis reports and it has been reported that an application for payment has been submitted to the State. We have received \$30,000 in March and were notified that we should expect to receive \$50,000 during the second week in May (we have not received this payment as of the date of this report which was to be paid by the Town of Queensbury) and \$22,000 which was expected to be received in June (we have not received this payment as of the date of this report which was to be paid by the Town of Bolton).

We currently have an outstanding receivable from the Lake George Watershed Conference for \$102,500 dating back to 2007 relating to a Valley Woods Road Project. It is unclear whether or not we have a contract with the Lake George Watershed Conference for this project, but it is our understanding that they are to pay us when they receive State Aid reimbursement. If we do not collect on this receivable soon we will have to write it off and it will then have to be taken out of the County Road surplus.

The grant administrator handling this project for the County has been charged with a felony and everything is currently under investigation so it is uncertain when and if the County will receive payment. Based upon information provided by the Town of Queensbury, the Town fully paid their \$100,000 share of the project to the grant administrator who was acting on behalf of the Lake George Watershed Conference. The County only received \$50,000 of this money. We have recorded an allowance for doubtful accounts in the County Road fund for this other \$50,000 because it is questionable if the County is going to be able to collect these funds and it is likely that we will have to write this balance off.

Building & Fire Code

Building Permits – As of September 30, the department received \$160,791 in building permits in 2016 and \$143,300 in 2017 which is a decrease of 11%. It should be noted that the 2017 amount is at 81% of the budget for this account so that actual revenue received is currently on target to exceed the budget.

Health Services

Home Nursing Charges – As of September 30, the department has received \$2,593,991 in Home Nursing Charges in 2016 and \$2,444,418 in 2017 which is a decrease of 6%. It should be noted that the 2017 amount is through August and is at 58% of the budget for this account, so the actual revenue amount is lagging behind the budget.

Expenditures

Please see the attached Budget Exception report which summarizes budgeted expenditure line items where there is currently a problem or there may be a problem in the future. We are reporting on an exception basis only.

The following departments had deficit balances in some of their appropriation codes as of September 30, 2017. **We are at a critical point in time and this needs to be addressed immediately.** As noted below, several departments did not address this issue as reported in the April, May, June, July and August, 2017 Budget Analysis Reports:

General Fund

Forfeited Crime Proceeds – DA (same issue in April, May, June, July and August, 2017)
Public Defender (same issue in May, June, July and August, 2017)
Justices & Constables (same issue in July and August, 2017)
Budget Officer (same issue in April, May, June, July and August, 2017)
County Clerk (same issue in May, June, July and August, 2017)
Civil Service (same issue in April, May, June, July and August, 2017)
Board of Elections (same issue in June, July and August, 2017)
Information Technology (same issue in April, May, June, July and August, 2017)
Telecommunications
Sheriff's Law Enforcement (same issue in August, 2017)
Probation – Pretrial
Sheriff's Correction Division
Homeland Security (same issue in August, 2017)
Emergency Medical Service (same issue in April, May, June, July and August, 2017)
Mental Health Admin (same issue in April, May, June, July and August, 2017)
OFA – Hamilton County
Long Term Care Ombudsman (same issue in May, June, July and August, 2017)
Parks & Recreation

County Road

Traffic Control (same issue in June, July and August, 2017)
Maintenance of Roads (same issue in May, June, July and August, 2017)
Services to Other Governments (same issue in August, 2017)

Road Machinery

Machinery (same issue in August, 2017)

County Road Projects

We have noted that the Riverbank Road CR11 project which was completed in 2016 for \$152,391 by our DPW staff needs to be redone in 2017. The Superintendent of Public Works indicated at the May 2017 Public Works Committee meeting that there was an issue with the material. If that is the case, then the County needs to seek compensation from the vendor who supplied the defective material. The County has contracted with an outside contractor to redo the road in 2017 for \$116,060 which was transferred into the County Road fund from the General Fund unreserved fund balance as part of the \$577,255 transfer approved at the June Board meeting.

It is our understanding from DPW that the vendor has agreed to compensate the County \$7,500 for the defective material only, even though additional costs related to this material were incurred by the County to fix the road. We have not received any compensation from the vendor as of the date of this report. After factoring in the compensation from the vendor, the County has incurred a \$108,560 loss relating to redoing this road project. We suggest that the County Attorney look into whether compensation is owed to the County relating to additional costs incurred by the County that are directly related to the defective material. We are not aware of any corrective action concerning this issue as of the date of this report.

Airport Access Road

DPW is in the process of building an emergency access road into the airport which was previously approved by the Board. The Superintendent of DPW has indicated that this is not a highway road which means that the County Road fund must be reimbursed for all costs associated with the construction including labor, equipment use and any materials. A source of funding for this project must be identified in the General Fund to reimburse the County Road fund. An estimate of the cost of the project was not determined by DPW. **The Superintendent of DPW has indicated that he will find a source of funding through unneeded funds in a capital project.**

Siemens Lease Reimbursement

Warren Operations Associates LLC has not reimbursed the County for the \$32,034 July, 2017 Siemens lease payment which is the final payment owed.

County Debt Balances

The following shows the County's current debt outstanding as of September, 2017 along with ending debt balances for future years:

	Current	End of 2017				2021-	2026-	2031-	2036-
	Balance	Balance	2018	2019	2020	2025	2030	2035	2040
Bonds									
Pub Safety Bldg & Com Upgrade	6,555,000	6,555,000	5,430,000	4,325,000	3,240,000	-	-	-	-
Recovery Act Bonds, Various Pro	17,575,000	16,935,000	16,265,000	15,570,000	14,845,000	10,615,000	5,235,000	-	-
Court Expansion - 2015	7,665,000	7,665,000	7,325,000	6,980,000	6,625,000	4,720,000	2,535,000	-	-
Court Expansion - 2017	8,500,000	8,500,000	8,085,000	7,740,000	7,390,000	5,520,000	3,425,000	1,050,000	-
SUNY Adirondack NSTEM	5,763,765	5,763,765	5,485,000	5,250,000	5,010,000	3,735,000	2,320,000	710,000	-
Capital Leases									
Westmount Co-Generation Plant	-	-	-	-	-	-	-	-	-
Municipal Center Energy Project	1,397,703	1,209,177	1,003,899	781,029	539,915	-	-	-	-
Countryside Adult Home Energy I	128,603	122,233	95,092	66,762	37,616	-	-	-	-
Bond Anticipation Notes									
SUNY Adirondack NSTEM	-	-	-	-	-	-	-	-	-
Alder Brook Brdg over Trout Brdg	-	-	-	-	-	-	-	-	-
Harrington Road Bridge	-	-	-	-	-	-	-	-	-
Beach Road Bridge	-	-	-	-	-	-	-	-	-
2011 Storm Damage	-	-	-	-	-	-	-	-	-
West Brook Parking Lot	-	-	-	-	-	-	-	-	-
Total Outstanding	47,585,072	46,750,175	43,688,991	40,712,790	37,687,531	24,590,000	13,515,000	1,760,000	-

Again, we invite comments from Supervisors and department heads to expand this into a more useful management tool in these critical financial times.